

## PRODUCER MILK MARKETED UNDER FEDERAL MILK ORDERS BY STATE OF ORIGIN, 2005

During 2005, milk processors regulated under the Federal milk order (FMO) system purchased about 115 billion pounds of milk from slightly more than 53,300 dairy farmers. While the marketing areas, which generally determine where fluid milk processors are regulated, are defined specifically by the Federal orders, the milk supply areas – the sources of the 115 billion pounds of milk – are not specified by the orders. In order to provide information on these milk supply areas, surveys are made periodically to determine the States where the dairy farmers marketing milk under Federal orders are located and, therefore, the States from which the milk originated. This article provides results of this survey for 2005 and presents comparisons to surveys for earlier years. Relationships to total U.S. milk marketings also are reported.

As has been the case for several years, significant volumes of milk that normally would have been marketed under Federal orders during 2005 were not pooled mainly due to disadvantageous Class/uniform price relationships. This not-pooled volume, estimated at 6.6 billion pounds, again has been excluded from the current survey. This was done to present information for the actual milk supply areas for the Federal milk order markets. Some findings of the current survey follow:

- (1) Dairy farmers located in all of the 48 contiguous States marketed milk under the Federal milk order system during 2005. This volume of milk accounted for 66 percent of the fluid grade (Grade A) milk marketed in the U.S. and 65 percent of the total milk marketed (All Milk) in the country. Milk marketings under Federal milk orders accounted for 90 percent or more of the total fluid grade milk marketings in 32 States. (See Table A.)

For some States, the relationships in Table A are understated due to the nature of the “milk marketed” statistic used in the comparison. The National Agricultural Statistics Service “milk marketed” statistic includes not only milk sold to plants and dealers, but also milk sold directly to consumers (producer-handlers) and milk produced by institutional herds. These latter two types of milk marketings are excluded from the FMO “milk marketed” statistic. Thus, for those States in which these latter two types of milk marketings are significantly larger, for example, Arizona and Oklahoma, the “shares” shown in Table A are much smaller than would be the case if the same “milk marketed” statistics were being compared.

For some States, the “shares” of fluid grade milk marketings in Table A are smaller due to the volumes of not-pooled milk described above. States with significantly larger volumes of not-pooled milk in 2005 were Minnesota and Wisconsin.

- (2) In some States, the “shares” of “all milk” marketed shown in Table A are noticeably small. There are several explanations for this relationship. First, it exists in States which have State milk orders. Some examples of this situation are California and Montana. Second, some States have neither Federal nor State milk order regulations – Utah and Wyoming, or have a relatively small proportion of the State in a Federal milk order area – Idaho and Nevada. Third, this relationship exists in States where manufacturing grade milk marketings still are a significant proportion of total milk marketings. Only fluid grade milk can be marketed under Federal milk orders. An example of this situation is North Dakota.
- (3) The milk supply areas for individual Federal milk orders continued to expand in 2005. Dairy farmers in three States – Indiana, Michigan, and Ohio marketed milk under seven of the ten orders that year. In 2000, the most orders that were supplied from these States were five. (See Table B.) In 2005, the milk supply areas averaged 15.4 States, up from 13.2 States in 2000. There were three orders – Appalachian, Central, and Southeast, that received milk from twenty States or more; dairy farmers in 27 States supplied the Southeast. The milk supply area for the Upper Midwest order expanded by six States. Fluid milk processors regulated under the Florida order received milk from 17 different States, fifteen additional States than in 2000. The regulation of a fluid milk processor located outside of the marketing area and the entrance of a new milk marketing association operating in the market lead to this increase. (See Table C.)

While dairy farmers in California marketed milk under one additional order in 2005 compared to 2000, the volume of milk from this State dropped by 63 percent. During this period, some Federal milk orders were amended to eliminate the ability to simultaneously pool the same milk on a Federal order and on a State-operated order that provides for marketwide pooling; such as in California. A significant proportion of the California milk marketed under Federal orders in 2000 was pooled on both the California State order and a Federal order.

- (4) For some marketing areas, the relative “shares” of States that have been traditional supply areas for the order have changed significantly. For example, in 2000 dairy farmers in Kentucky marketed the largest volume of milk under the Appalachian order. In 2005, Kentucky slipped to the third position, behind Virginia and North Carolina, marketing 26 percent less milk on the order. The nine States that comprise the Southeast order marketing area accounted for nearly 71 percent of the volume of milk marketed under the order in 2000; by 2005, this proportion dropped to 52 percent. Texas held the top position in this order, New Mexico, the third position. In the Mideast order, in 2005, Wisconsin dairy farmers marketed nearly three times as much milk under the order as in 2000, holding the third position, and accounting for 15 percent of the total volume marketed under the order. (See Table C.)

- (5) Dairy farmers in Wisconsin once again delivered the largest volume of milk to handlers regulated under Federal milk orders –18.7 billion pounds, 16.3 percent of total milk marketings. Other leading States were New York, Pennsylvania, Minnesota, and Michigan. These five States accounted for 46.4 percent of total Federal milk order marketings. Other States in the Top Ten were New Mexico, Texas, Washington, Ohio, and Iowa. (See Table D.)

The States included in the top ten States delivering milk to Federal orders has changed very little over the past twenty years. Nine States are included in this group in each of the three years looked at, 1985, 1995, and 2005. The top four States remained unchanged in rank. The State included in the top ten in 1995, but not in 2005 is Idaho; the termination of the Western order in April 2004 is responsible for this change. One State, New Mexico, has shown a notable change in its ranking over this time period. This State jumped from the 23<sup>rd</sup> rank in 1985, to 9<sup>th</sup> in 1995, and to 6<sup>th</sup> in 2005. This increase in ranking reflects the State's increase in ranking in total milk marketed in the country.

TABLE A--RECEIPTS OF PRODUCER MILK BY HANDLERS REGULATED UNDER FEDERAL MILK ORDERS, BY STATE OF ORIGIN, 2005

State and Region	Producer milk receipts			State and Region	Producer milk receipts		
	Total 1/	Share of total milk marketed by producers 2/			Total 1/	Share of total milk marketed by producers 2/	
		Fluid Grade 3/	All milk			Fluid Grade 3/	All milk
	Million pounds	Percent	Percent		Million pounds	Percent	Percent
Maine	583	99	99	Wisconsin	18,746	86	83
Vermont	2,614	100	100	Minnesota	6,613	84	82
New York	11,463	95	95	North Dakota	208	51	40
New Jersey	178	94	94	South Dakota	984	73	69
Pennsylvania	9,843	95	94	Iowa	3,591	92	90
Delaware	120	92	92	Nebraska	969	92	91
Maryland	1,135	99	99	Midwest	31,112	86	83
Other 4/ Northeast	944 26,878	96 96	96 95	Missouri	1,698	96	92
Virginia	1,362	77	77	Kansas	2,189	97	97
North Carolina	974	98	98	Colorado	2,153	93	93
South Carolina	286	99	99	Oklahoma	804	66	66
Georgia	1,345	97	97	Arkansas	275	95	95
Florida	2,266	100	100	Central	7,119	90	90
Alabama	222	100	100	Texas	6,270	98	98
Mississippi	378	100	100	New Mexico	6,418	94	94
Louisiana	422	100	100	Arizona	3,131	84	84
Tennessee	1,076	98	98	Southwest	15,819	93	93
Kentucky	1,336	99	99	Idaho	1,346	13	13
Southeast	9,667	95	95	Wyoming	21	34	28
Ohio	4,336	97	92	Utah	67	4	4
Indiana	3,054	99	97	Washington	5,141	92	92
Illinois	1,809	95	93	Oregon	1,391	61	61
Michigan	6,544	99	98	California	158	5/	5/
West Virginia	149	78	78	Alaska	0	0	0
Mideast	15,893	98	95	Hawaii	0	0	0
				Other 6/ West	40 8,164	4 14	4 14
				Total U.S.	114,651	66	65

1/ Receipts are listed according to the location of the producer, not the location of the regulated handler. Regional and Total U.S. figures may not add due to rounding. Excludes volumes not pooled due to disadvantageous price relationships. 2/ Computed from data contained in "Milk Production, Disposition and Income - 2005 Summary", NASS, USDA. NOTE: NASS "milk marketed" includes milk sold to plants and dealers, milk sold directly to consumers, and milk produced by institutional herds. 3/ Milk marketed that is eligible for fluid use (Grade A in most States). 4/ Includes data for New Hampshire, Massachusetts, Rhode Island, and Connecticut for which the information is administratively confidential. 5/ Less than 0.5 percent. 6/ Includes data for Montana and Nevada for which the information is administratively confidential.

TABLE B--NUMBER OF FEDERAL ORDERS UNDER WHICH MILK WAS MARKETED, BY STATE AND REGION, 2005, WITH COMPARISONS 1/

State and Region	Number of Federal orders			State and Region	Number of Federal orders		
	2005	2000	1995		2005	2000	1995
	<u>Number</u>				<u>Number</u>		
Maine	1	1	1	Wisconsin	6	6	7
New Hampshire	1	1	1	Minnesota	4	5	6
Vermont	1	1	3	North Dakota	2	2	1
Massachusetts	1	1	2	South Dakota	2	3	4
Rhode Island	1	1	1	Iowa	4	4	9
Connecticut	1	1	2	Nebraska	2	4	6
New York	2	4	4	Midwest	6	7	14
New Jersey	1	2	2	Missouri	6	4	10
Pennsylvania	5	4	5	Kansas	4	5	6
Delaware	2	3	2	Colorado	2	2	5
Maryland	5	4	5	Oklahoma	5	4	6
Northeast	5	4	6	Arkansas	3	3	5
Virginia	4	4	6	Central	7	6	15
North Carolina	5	2	3	Texas	5	5	12
South Carolina	3	2	2	New Mexico	5	5	10
Georgia	3	3	6	Arizona	3	1	1
Florida	2	2	4	Southwest	6	5	15
Alabama	3	2	5	Montana	1	1	1
Mississippi	3	1	5	Idaho	3	5	4
Louisiana	3	1	2	Wyoming	1	2	3
Tennessee	3	3	6	Utah	3	5	2
Kentucky	3	4	7	Nevada	2	3	2
Southeast	6	5	14	Washington	1	1	1
Ohio	7	3	9	Oregon	3	2	2
Indiana	7	5	7	California	5	4	4
Illinois	5	5	8	West	7	6	6
Michigan	7	5	9	Total U.S.	10	11	33
West Virginia	3	4	5				
Mideast	7	7	15				

1/ Number of orders under which milk produced by dairy farmers located in the State was marketed to regulated handlers. For example, milk produced in New York was marketed under two Federal milk orders in 2005. The regional figure is the net number of orders under which the milk produced by dairy farmers located in the region was marketed to regulated handlers.

TABLE C--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY  
MARKETING AREA AND STATE, 2005 1/

Federal milk marketing area and State 2/	Producer milk receipts		Federal milk marketing area and State 2/	Producer milk receipts	
	Total	Share of market total		Total	Share of market total
	<u>1,000 lbs.</u>	<u>Percent</u>		<u>1,000 lbs.</u>	<u>Percent</u>
<b>APPALACHIAN</b>	<b>6,399,811</b>	<b>100.00</b>	<b>FLORIDA</b>	<b>3,125,345</b>	<b>100.00</b>
Virginia	1,101,785	17.22	Fla - Ga - Alab - Miss - La	2,977,782	95.28
North Carolina	935,714	14.62	Ind - N Mex - Tex - (Mich) - (Ohio) - (Okla)	90,726	2.90
Kentucky	836,858	13.08	Va - Tenn - NC - Pa - SC - (Md)	56,837	1.82
Indiana	813,315	12.71			
Tennessee	571,675	8.93			
Pennsylvania	442,941	6.92			
Michigan	291,510	4.55	<b>MIDEAST 3/</b>	<b>18,060,896</b>	<b>100.00</b>
South Carolina	281,519	4.40	Michigan	6,004,285	33.24
Kans-Ill-(Mo)	244,517	3.82	Ohio	4,040,085	22.37
Ohio	215,332	3.36	Wisconsin	2,791,688	15.46
Texas	174,103	2.72	Indiana	1,807,977	10.01
N Mex - (Iowa)	168,333	2.63	New York	1,607,851	8.90
Wisconsin	111,795	1.75	Pennsylvania	1,397,829	7.74
Md - Del	92,650	1.45	Illinois	152,058	0.84
West Virginia	52,895	0.83	Iowa	66,926	0.37
Ga - Alab	48,726	0.76	West Virginia	66,591	0.37
Oklahoma	16,143	0.25	Minnesota	57,593	0.32
			Maryland	48,623	0.27
<b>ARIZONA LAS VEGAS</b>	<b>2,947,498</b>	<b>100.00</b>	Kentucky	17,173	0.10
Ariz - Calif	2,947,498	100.00	NC - (Nev) - (Mo)	2,218	0.01
<b>CENTRAL 3/</b>	<b>13,965,743</b>	<b>100.00</b>	<b>NORTHEAST</b>	<b>23,562,911</b>	<b>100.00</b>
Iowa	2,621,709	18.77	New York	9,854,926	41.82
Colorado	2,152,845	15.42	Pennsylvania	7,963,937	33.80
Wisconsin	2,060,885	14.76	Vermont	2,613,747	11.09
Kansas	1,656,411	11.86	Maryland	1,000,914	4.25
Illinois	1,052,770	7.54	Maine	582,628	2.47
New Mexico	990,014	7.09	Conn - NH - Mass - RI	943,735	4.01
Nebraska	939,537	6.73	Virginia	230,914	0.98
South Dakota	679,540	4.87	New Jersey	177,929	0.76
Minnesota	651,952	4.67	Del - W Va - (NC)	136,356	0.58
Missouri	619,728	4.44	Wis - Ohio - Mich - (Ind) - (Minn)	57,825	0.25
Oklahoma	298,208	2.14			
Idaho - (Utah) - (Calif) - (Oreg)	115,198	0.82			
Tex - Ark	74,639	0.53			
North Dakota	28,262	0.20			
Wyoming	20,690	0.15			
Ind - (Mich) - (Ohio)	3,356	0.02			

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TABLE C--SOURCES OF MILK FOR FEDERAL MILK ORDERS: RECEIPTS OF PRODUCER MILK BY MARKETING AREA AND STATE, 2005 1/--CONT.

Federal milk marketing area and State 2/	Producer milk receipts		Federal milk marketing area and State 2/	Producer milk receipts	
	Total	Share of market total		Total	Share of market total
	<u>1,000 lbs.</u>	<u>Percent</u>		<u>1,000 lbs.</u>	<u>Percent</u>
<u>PACIFIC NORTHWEST 3/</u>	<u>7,038,877</u>	<u>100.00</u>	<u>SOUTHWEST 3/</u>	<u>9,578,702</u>	<u>100.00</u>
Washington	5,141,210	73.04	Texas	4,617,852	48.21
Oregon	1,388,308	19.72	New Mexico	4,388,403	45.81
Idaho	463,405	6.58	Arizona	202,348	2.11
California	45,954	0.65	Oklahoma	157,665	1.65
			Kan - (Ark) - (Mo) - (La) - (Miss)	141,714	1.48
<u>SOUTHEAST</u>	<u>7,543,717</u>	<u>100.00</u>	Utah - Nev	70,719	0.74
Texas	1,396,899	18.52	<u>UPPER MIDWEST 3/</u>	<u>22,427,311</u>	<u>100.00</u>
Missouri	1,078,025	14.29	Wisconsin	13,672,722	60.96
N Mex - Calif - (Ariz)	862,819	11.44	Minnesota	5,903,764	26.32
Georgia	607,008	8.05	Iowa	902,587	4.02
Tennessee	491,553	6.52	Idaho	769,194	3.43
Kentucky	482,051	6.39	Illinois	548,909	2.45
Louisiana	418,793	5.55	South Dakota	304,417	1.36
Ind - Pa - Md	416,067	5.52	North Dakota	179,524	0.80
Mississippi	374,649	4.97	California	67,290	0.30
Oklahoma	331,688	4.40	Michigan	37,656	0.17
Arkansas	267,600	3.55	Mont - Ore - (Utah)	37,766	0.17
Mich - Ohio	258,940	3.43	Ind - (Mo) - (Ohio)	3,481	0.02
Alabama	195,073	2.59			
Kan - Neb - (Col)	192,725	2.55			
Wisc - Ill	122,665	1.63			
NC - Fla - Va - (SC)	47,163	0.63			

1/ The source of the receipt is based on the location of the producer, not the location of the regulated handler. Marketing area totals may not add due to rounding. 2/ For some marketing areas, receipts from some States have been combined in order to mask either administratively confidential data or small volumes. Generally, the States are listed by decreasing proportions of deliveries to the marketing area. States in parenthesis have producers who delivered less than three million pounds into the marketing area. 3/ For these marketing areas, handlers elected not to pool producer milk that normally would have been associated with the marketing area due to disadvantageous price relationships.

TABLE D--THE TEN STATES FROM WHICH THE LARGEST VOLUME OF PRODUCER MILK WAS RECEIVED UNDER FEDERAL MILK ORDERS, 2005, WITH COMPARISONS

State	2005				1995				1985			
	Federal milk order rank 1/	Producer milk receipts in all Federal orders		United States rank 2/	Federal milk order rank 1/	Producer milk receipts in all Federal orders		United States rank 2/	Federal milk order rank 1/	Producer milk receipts in all Federal orders		United States rank 2/
		Million pounds	Percent of total			Million pounds	Percent of total			Million pounds	Percent of total	
Wisconsin	1	18,746	16.3	2	1	19,466	17.2	2	1	17,786	18.2	1
New York	2	11,461	10.0	3	2	10,175	9.0	3	2	9,790	10.0	3
Pennsylvania	3	9,843	8.6	4	3	8,993	7.9	4	3	8,311	8.5	5
Minnesota	4	6,613	5.8	6	4	7,815	6.9	5	4	6,934	7.1	4
Michigan	5	6,544	5.7	8	6	5,079	4.5	7	5	5,176	5.3	6
New Mexico	6	6,418	5.6	7	9	3,466	3.1	12	23	1,044	1.1	32
Texas	7	6,270	5.5	9	5	6,070	5.4	6	7	3,823	3.9	9
Washington	8	5,141	4.5	10	7	5,065	4.5	8	8	3,577	3.7	12
Ohio	9	4,336	3.8	11	8	4,113	3.6	9	6	4,261	4.4	7
Iowa	10	3,591	3.1	12	11	3,078	2.7	11	9	2,512	2.6	8
Total Top Ten 3/		78,964	68.8			73,385	64.8			64,459	66.0	

1/ Ranked according to total producer milk receipts in all Federal milk order markets. 2/ Ranked according to total milk marketed in the United States. 3/ In 1995, top 10 State: included Idaho. In 1985, top 10 States included Missouri.